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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/850,993	05/09/2001	Paul Estridge JR.		3491

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KRIEG DeVAULT ALEXANDER & CAPEHART, LLP
825 Anthony Wayne Building
203 E. Berry Street
Fort Wayne, IN 46802

EXAMINER

VIG, NAresh

ART UNIT	PAPER NUMBER
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3629

MAIL DATE	DELIVERY MODE
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09/24/2007

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)
	09/850,993	ESTRIDGE, PAUL
	Examiner	Art Unit
	Naresh Vig	3629

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 06 July 2007.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1 - 4, 8 - 12, 19 - 45, 47 - 56, 59 and 68 - 74 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1 - 4, 8 - 12, 19 - 45, 47 - 56, 59 and 68 - 74 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____. | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| | 6) <input type="checkbox"/> Other: _____. |

DETAILED ACTION

This is in reference to communication received 06 July 2007. Addition of claims 71 – 74 is acknowledged. Claims 1 – 4, 8 – 12, 19 – 45, 47 – 56, 59 and 68 – 74 are pending for examination.

Response to Arguments

Applicant's arguments and concerns are for amended claims and new claims which have been responded to in response to pending claims.

Claim Rejections - 35 USC § 112

Claims 1 – 4, 8 – 12, 19 – 45, 47 – 56, 59 and 68 – 74 are rejected under 35 U.S.C. 112, second paragraph, as being vague and indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. As currently claimed by the applicant as their claimed invention, for example, in independent claims 1 and 71, applicant has not positively claimed how common services provided by private easements are differentiated from common services provided by municipalities.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1 – 4, 8 – 12, 19 – 45, 47 – 56, 59 and 68 – 74 are rejected under 35 U.S.C. 103(a) as being unpatentable over an article by Duffy Hayes titled "Building A Better Provider" in view of Metropolitan Regional Information Systems, Inc. hereinafter known as MRIS.

Regarding claim 1, Hayes teaches developing real estate (In three high-tech Toll communities, the company has built out a fiber-rich HFC network, offering residents a package of high-speed Internet access and a customized hybrid cable/direct broadcast satellite television package). Even though Hayes does not teach specific process in developing Toll Communities, it would have been obvious to one of ordinary skill in the art at the time of invention that Toll Brothers, Inc. (hereinafter known as Toll) which developed Toll Communities used some process to develop real estate and provided common services in the developed real estate.

Even though Hayes does not specifically teach Toll does not specifically teach separating private easements for the provision of common services in a developed

community from dedicated public rights-of-way. However, MRIS teaches information on a Toll Community wherein, Toll provides common services like Cable TV as part of services provided to the residents in the community and public right of way (roads in the community).

Therefore, at the time of invention, it would have been obvious to one of ordinary skill in the art that Hayes in view of MRIS teaches Toll has used some process to be able to separate private easements for the provision of common services in a developed community from dedicated public rights-of-way [MRIS, page 23];

Hayes in view of MRIS teaches concept for developing of real estate by:
establishing one or more decision making authorities/access entities to control said private easements as privately owned entities separate from individual lot owners in said developed community (MRIS, Home Owners Association in Toll Community; Hayes, Advanced Broadband a spun off broadband service provider by Toll) and to identify and contract with various service providers (Advanced Broadband to provide telecommunication services to Toll Communities);

precluding access to said private easements by individual lot owners in said developed community and governmental franchisees for providing said common services (MRIS, page 23, Toll Community as a part of services rendered to Home Owners in their community provides cable services); and

providing said common services to said developed Community through said one or more decision making authorities/access entities, said one or more decision making authorities/access entities obtaining common services from one or more common

services providers, respectively (MRIS, page 23, Toll Community as a part of services rendered to Home Owners in their community provides cable services).

Regarding claim 2, Hayes in view of MRIS teaches concept of:

acquiring fee simple ownership in a parcel of real estate for developing into a community (MRIS teaches Fee Simple Ownership in Toll Community) [MRIS, page 23]. It would have been obvious at the time of invention to one of ordinary skill in the art that Toll acquired fee simple parcel of real estate for their community to be able to provide fee simple ownership to individual home owners in their community (see KSR Int'l Co. v. Teleflex, Inc., No 04-1350 (U.S. Apr. 30, 2007));

transferring exclusive rights in and to said common services easements within said parcel to said at least one decision making authority/access entity (Home Owner Association decides which entity provides for example common services like cable TV, Trash removal etc.);

Even though, Hayes in view of MRIS does not explicitly teach dedicating public rights-of-way for roadways, curbs, and sidewalks to a municipality, however, it is old and known to one of ordinary skill in the art that there are communities wherein Municipalities maintain public right of way (for example, Mill Creek South, in Montgomery County Maryland, where maintenance of roadways is done by county, and Orchard Ridge community in Montgomery County Maryland, where maintenance of roadways is done by City of Rockville). In Mill Creek South, County does not provide common services like telecommunication service.

Therefore, at the time of invention, it would have been obvious to one of ordinary skill in the art that Hayes in view of MRIS teaches concept wherein a developer can dedicate public rights-of-way for roadways, curbs, and sidewalks to a municipality wherein said municipality having no control over common services access as a result of said dedicated public rights-of-way, said common services providers having acquired rights through said municipality having no access to said community.

Regarding claim 3, Hayes in view of MRIS teaches concept wherein said exclusive rights comprise in gross easements and specific area easements.

Regarding claim 4, Hayes in view of MRIS teaches concept wherein exclusive rights can comprise specific area easements, and wherein any other easements for providing common services within said developed community are restricted by declarations, covenants and restrictions governing and running with said parcel of real estate.

Regarding claim 8, Hayes in view of MRIS teaches concept wherein real estate development is done by recording said transferring of said exclusive rights with an appropriate governmental real estate records office before said dedicating step, said common services easements appearing within the chain of title of said parcel before said dedication of said public rights-of-way and said municipality takes said dedication subject to said exclusive rights. These are obvious steps which claim ownership of

property, and only owner or authorized representatives can make legally binding contracts (see KSR Int'l Co. v. Teleflex, Inc., No 04-1350 (U.S. Apr. 30, 2007)).

Regarding claim 9, Hayes in view of MRIS teaches concept wherein said common services comprise cable services [MRIS, page 23].

Regarding claim 10, Hayes in view of MRIS teaches concept wherein common services comprise sewer services.

Regarding claim 11, it is common sense that Hayes in view of MRIS teaches concept wherein each step is performed pursuant to obligations arising out of a system of interrelated contractual requirements regarding the development of said community (see KSR Int'l Co. v. Teleflex, Inc., No 04-1350 (U.S. Apr. 30, 2007)).

Regarding claim 12, Hayes in view of MRIS teaches concept of implementing a fee structure that encourages the owner of said private common services easements to enter into and maintain license arrangements that permit at least one licensee to utilize said private common services easements for providing common services to said community; said license arrangements providing a competitive shield for establishing said licensees as preferred sources of common services for said community.

Regarding claim 19, Hayes in view of MRIS teaches concept wherein said license arrangement permit said licensee to sublicense use of said private easements to individual providers of services included in said common services (e.g. Home Owners Association outsourcing some of the work like snow removal to individual providers).

Regarding claim 20, Hayes in view of MRIS teaches concept for entering into a license arrangement with a decision making authority/access entity that owns and controls at least some of the common services easements of a parcel of real estate to be developed as a community, said license arrangement permitting access to and utilization of said easements; and utilizing said easements for providing common services to said community; wherein owners of lots within said community contract with a single source provider for the provision or coordination of said common services (owners contracting with service providers to get upgraded services like premium channels of Cable TV).

Regarding claim 21, it is common sense that Hayes in view of MRIS teaches concept wherein said decision making authority/access entity has beneficial and exclusive ownership of and control over all access to said common services easements within said developed community (see KSR Int'l Co. v. Teleflex, Inc., No 04-1350 (U.S. Apr. 30, 2007)).

Regarding claim 22, as responded to earlier, Hayes in view of MRIS teaches concept wherein beneficial and exclusive ownership of and control over access to said common services easements is created by a process which comprises the steps of:

acquiring fee simple ownership in a parcel of real estate for developing into a community;

transferring exclusive rights of said common services easements in said parcel to at least one said access entity; and

dedicating public rights-of-way of said parcel for roadways, curbs, and sidewalks to a municipality, said dedicated public rights-of-way being taken by said municipality subject to said exclusive rights, said municipality having no control over common services access as a result of said dedicated public rights-of-way, and said common services providers having acquired rights through said municipality having no access to said community.

Regarding claim 23, it is common sense that Hayes in view of MRIS teaches concept wherein said common services are provided to a plurality of lots in said community over fewer than three cables (e.g. coaxial cable for cable service).

Regarding claim 24, as responded to earlier, Hayes in view of MRIS teaches concept wherein said cables are of a co-axial cables.

Regarding claim 25, Hayes in view of MRIS teaches concept wherein said license arrangement permits said single source provider to sublicense utilization of said easements to a plurality of individual providers of services included in said common services.

Regarding claim 26, Hayes in view of MRIS teaches concept wherein at least one of said individual service providers is a wholly owned subsidiary of said single source provider (Hayes, Advanced Broadband is spun off by Toll Brothers).

Regarding claim 27, it is common sense that Hayes in view of MRIS teaches concept wherein said individual providers provide said common services to said single source at a central receiving facility where from said single source distributes said common services to a plurality of lots in said community (for example, HBO, Cinemax etc. providing broadcast to local cable service provider who broadcasts it to their subscribers).

Regarding claim 28, as responded to earlier, Hayes in view of MRIS teaches concept wherein said common services comprise cable services.

Regarding claim 29, as responded to earlier, Hayes in view of MRIS teaches concept wherein said common services comprise sewer services.

Regarding claim 30, Hayes in view of MRIS teaches concept wherein said common services comprise advanced bundled telecommunication services.

Regarding claim 31, Hayes in view of MRIS teaches concept wherein said common services comprise premium advanced bundled telecommunication services.

Regarding claim 32, Hayes in view of MRIS teaches concept wherein said license arrangement is entered into pursuant to obligations arising out of a system of interrelated contractual requirements regarding the development of said community.

Regarding claim 33, as responded to earlier, Hayes in view of MRIS teaches concept of real estate development by:

acquiring fee simple title in a parcel of real estate by a developer;
separating in gross common services easements from said fee simple title;
separating the public right-of-way from said common services easements and said fee simple title;
separating all other easements from said common services easements and from said public right-of-way and from said fee simple title;
transferring at least one of said common services and all other easements to a privately owned company for a fee; and dedicating said public right-of-way to the public;
said public right-of-way being dedicated subject to said common services and all other easements previously transferred to said privately owned company thereby

eliminating public control over said transferred easements and all public rights to access to said parcel for providing common services.

Regarding claim 34, as responded to earlier, it is common sense that Hayes in view of MRIS teaches concept wherein:

privately owned company constructing utility conduits on said parcel in accordance with said easements licensed to said company,

said privately owned company sub-licensing service providers for a fee to provide common services to owners of any portion of said parcel, and

said privately owned company allowing said sub-licensed common services providers to use said conduits.

Regarding claim 35, as responded to earlier, Hayes in view of MRIS teaches concept wherein said common services providers provide cable services.

Regarding claim 36, as responded to earlier, Hayes in view of MRIS teaches concept wherein said common services providers provide sewer services.

Regarding claim 37, Hayes in view of MRIS teaches concept wherein said fee is proportioned and passed on to said private company by said service providers.

Regarding claim 38, The method of Claim 37 wherein said fee is proportioned and passed on to the owner of said privately owned company.

Regarding claim 39, Hayes in view of MRIS teaches concept wherein owner of said privately owned company developing a market plan for selling portions of said parcel by a developer, and said owner engaging in the training of said developer in marketing portions of said parcel (old and known at the time of invention to one of ordinary skill in the art that entities like builders and landlord provide marketing brochures to their current and/or future residents).

Regarding claim 40, it is old and known and also common sense that Hayes in view of MRIS teaches concept wherein developer contracting the construction of roads, other common infrastructure, homes on individual portions of said parcel, and the construction on said parcel and the development of said parcel.

Regarding claim 41, Hayes in view of MRIS teaches concept wherein said privately owned company manages all of said sub-licensed service providers.

Regarding claim 42, Hayes in view of MRIS teaches concept wherein said common services are provided to developed community through a single source.

Regarding claim 43, Hayes in view of MRIS teaches concept wherein said license agreements provide common services for said community through a single source.

Regarding claim 44, as responded to earlier, Hayes in view of MRIS teaches concept wherein said transferring step includes examining the recorded title documents relating to said parcel of real estate to determine what easements, reversions and other property rights exist that said parcel of real estate is subject relating to access by a common service provider to said parcel, and determining that no such easements, reversions or other property rights exist or otherwise relieving said parcel of real estate of said property rights prior to defining exclusive rights in and to said common service easements within said parcel of real estate and transferring said exclusive rights to said access entity (it is common sense that in real estate transaction, titles are examined to determine whether there are any restriction or covenants which might prevent development of real estate as desired by developer). (see KSR Int'l Co. v. Teleflex, Inc., No 04-1350 (U.S. Apr. 30, 2007)).

Regarding claim 45, Hayes in view of MRIS teaches concept wherein said dedication of said public rights-of-way for roadways, curbs, and sidewalks consists of the dedication of only surface rights for roadways, curbs, and sidewalks with the sub-surface rights being reserved and maintained as common areas.

Regarding claim 47, Hayes in view of MRIS teaches concept wherein said exclusive rights are transferred by said transferring step in gross.

Regarding claim 48, The process of Claim 22 wherein said transferring step includes examining the recorded title documents relating to said parcel of real estate to determine what easements, reversions and other property rights exist that said parcel of real estate is subject with regard to access by a common service provider to said parcel, and determining that no such easements, reversions or other property rights exist or Otherwise relieving said parcel of real estate of said property rights prior to defining exclusive rights in and to said common service easements within said parcel of real estate and transferring said exclusive rights to said access entity (e.g. easement in gross is old and known to one of ordinary skill in the art).

Regarding claim 49, Hayes in view of MRIS teaches concept wherein said dedication of said public rights-of-way for roadways, curbs, and sidewalks consists of the dedication of only surface rights for roadways, curbs, and sidewalks with the sub-surface rights being reserved and maintained as common areas.

Regarding claim 50, Hayes in view of MRIS teaches concept wherein the exclusive rights in and to said common areas are transferred to a lot owners association.

Regarding claim 51, as responded to earlier, Hayes in view of MRIS teaches concept wherein said exclusive rights are transferred in gross.

Regarding claim 52, Hayes in view of MRIS teaches concept wherein said single source distributes said common services to a plurality of lots in said community through a computer network.

Regarding claim 53, as responded to earlier, Hayes in view of MRIS teaches concept wherein said transferring includes examining the recorded title documents to said parcel of real estate to determine what easements, reversions and other property rights that said parcel of real estate is subject relating to access to said parcel of real estate by a common service provider, and determining that no such easements, reversions or other property rights exist or otherwise relieving said parcel of real estate from said property rights prior to defining exclusive rights in and to said common service easements within said parcel of real estate and transferring said exclusive rights to said access entity.

Regarding claim 54, as responded to earlier, Hayes in view of MRIS teaches concept wherein said dedication of said public rights-of-way for roadways, curbs, and sidewalks consists of the dedication of only surface rights for roadways, curbs, and sidewalks with the sub-surface rights being reserved and maintained as common areas.

Regarding claim 55, as responded to earlier, Hayes in view of MRIS teaches concept wherein said easements in and to said common areas are transferred to a lot owners association.

Regarding claim 56, as responded to earlier, Hayes in view of MRIS teaches concept wherein said easements are transferred in gross

Regarding claim 59, as responded to earlier, Hayes in view of MRIS teaches concept for access entity licensing a service provider for the provision of services to said developed community.

Regarding claim 68, as responded to earlier, Hayes in view of MRIS teaches concept wherein said common services comprise cable services.

Regarding claim 69, as responded to earlier, Hayes in view of MRIS teaches concept wherein said common services comprise sewer services.

Regarding claim 70, as responded to earlier, Hayes in view of MRIS teaches concept wherein each step is performed pursuant to obligations arising out of a system of interrelated contractual requirements regarding the development of said community.

Regarding claim 71, Hayes teaches development of real estate by:

identifying and purchasing a parcel of real estate;

creating a developed community including individual lots for sale to one or more lot owners, common areas, and easements;

Even though Hayes does not specifically teach Toll does not specifically teach segregating easements for common services from easements for public rights-of-way, However, MRIS teaches information on a Toll Community wherein, Toll provides common services like Cable TV as part of services provided to the residents in the community and public right of way (roads in the community).

Therefore, at the time of invention, it would have been obvious to one of ordinary skill in the art that Hayes in view of MRIS teaches Toll has used some process to be able to segregating easements for common services from easements for public rights-of-way [MRIS, page 23];

Hayes in view of MRIS teaches concept for developing of real estate by:

dedicating said easements for public rights-of-way to a municipality/government entity (This limitation has been responded to earlier);

establishing private control over easements for common services through one or more decision making authorities/access entities, said one or more decision making authorities being separate from said lot owners and municipality/government entity (MRIS, page 23, teaches Home Owners Association providing cable services); and

providing common services to individual lot owners through said one or more decision making authorities/access entities (MRIS, page 23, Toll Community as a part of

services rendered to Home Owners in their community provides cable services).

Regarding claim 72, as responded to earlier, Hayes in view of MRIS teaches concept for licensing right to provide one or more common services to providers of said one or more common services.

Regarding claim 73, as responded to earlier, Hayes in view of MRIS teaches concept wherein said common services include sewer services.

Regarding claim 74, as responded to earlier, Hayes in view of MRIS teaches concept wherein said dedication of said public rights-of-way for roadways, curbs, and sidewalks consists of the dedication of only surface rights for roadways, curbs, and sidewalks with the sub-surface rights being reserved and maintained as common areas.

Conclusion

Applicant is required under 37 CFR '1.111 (c) to consider the references fully when responding to this office action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Naresh Vig whose telephone number is (571) 272-6810. The examiner can normally be reached on Mon-Thu 7:00 - 5:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on (571) 272-6812. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.



Naresh Vig
Examiner
Art Unit 3629

September 18, 2007

Notice of References Cited	Application/Control No.	Applicant(s)/Patent Under Reexamination
	09/850,993	ESTRIDGE, PAUL
	Examiner	Art Unit
	Naresh Vig	3629
		Page 1 of 1

U.S. PATENT DOCUMENTS

*		Document Number Country Code-Number-Kind Code	Date MM-YYYY	Name	Classification
	A	US-			
	B	US-			
	C	US-			
	D	US-			
	E	US-			
	F	US-			
	G	US-			
	H	US-			
	I	US-			
	J	US-			
	K	US-			
	L	US-			
	M	US-			

FOREIGN PATENT DOCUMENTS

*		Document Number Country Code-Number-Kind Code	Date MM-YYYY	Country	Name	Classification
	N					
	O					
	P					
	Q					
	R					
	S					
	T					

NON-PATENT DOCUMENTS

*		Include as applicable: Author, Title Date, Publisher, Edition or Volume, Pertinent Pages)
	U	Duffy Hayes, Building A Better Provider, September 2000, Broadbandweek.com
	V	
	W	
	X	

*A copy of this reference is not being furnished with this Office action. (See MPEP § 707.05(a).)
Dates in MM-YYYY format are publication dates. Classifications may be US or foreign.



This article printed from ***Broadband Week***, located at www.broadbandweek.com.

Building a Better Provider

Homebuilders used to focus solely on brick-and-mortar. Now, some are leveraging their service roots, branching out into wire-and-signal, and making telco service part of their bread-and-butter.

by **Duffy Hayes**

from the September 2000 issue of *Broadband Week*

Get ready to add the home building industry to the rapidly sprouting community of broadband service providers.

Now, instead of dealing just with framers, plumbers, stucco guys and wiring, a new breed of builders who are integrating technology and telecommunications into their new projects, also are providing—not just building in-bandwidth.

In what traditionally has been a service business, more and more builders also are constructing, testing and actually managing the communications networks that serve their new communities.

One builder on the fast track to telco service provision is national luxury homebuilder Toll Brothers Inc. The Huntingdon Valley, Pa.-based company has spun-off a full-fledged broadband service provider called Advanced Broadband. According to Michael Zammit, managing director of telecommunications with Toll Brothers, the company formed the subsidiary as a way to better control the type and quality of service it can provide to new homeowners.

"(We) came to the realization that land developers, as owners of the land, really kind of wielded the trump card as to right of entry, and the ability to control the improvements on that land," Zammit explains. "Which of course includes the telecommunications infrastructure."

Advanced Broadband provides Toll Brothers with a complete communications system. Advanced will go into a planned community, engineer and design the broadband network, contract to have it installed, and then retain the role of network operator and service provider.

In three high-tech Toll communities, the company has built out a fiber-rich HFC

network, offering residents a package of high-speed Internet access and a customized hybrid cable/direct broadcast satellite television package. By overbuilding the incumbent HFC network, the company eventually will offer next-generation services that include IP telephony, virtual private networking, multi-player gaming and video-on-demand, as the technology becomes available and demand for these services increases.

It's the HFC network that distinguishes Advanced Broadband from most of the revenue-share models some builders have created with their local providers, according to Zammit.

"It's one thing to bring in a large MSO and offer plain-jane cable service and cable modem service at a slightly discounted rate, and it's quite another to work with an emerging player who's promoting fiber-rich network infrastructure and high-speed Internet that blows away anything that's possible today," Zammit says.

Other builder-created service companies include First Mile Technologies, from Indianapolis-based homebuilder Estridge Homes, and the technology firm DTE. Zammit says Advanced Broadband's business plan looks to maximize both the revenue and the equity valuation of its subscribers.

"In addition to capturing the recurring revenue streams, we're also building the equity in the infrastructure as well as ownership of that subscriber," Zammit adds.

In the bigger picture, the development of full-service technology providers seems to be a natural extension of the technological growth and development of the building industry as a whole.

"The technology, we think, is coming," says Gopal Ahluwalia, director of research for the National Association of Home Builders (NAHB). "It has not exploded, but we think it may be at the doorstep of explosion."

Over the past couple of years, builders slowly have begun to adopt technology such as advanced structured wiring systems, and early adopters have used that experience to competitive advantage.

The numbers show a slow migration toward technology, mirroring Ahluwalia's conservative predictions of growth in the building sector. The most recent NAHB Builder's Economic Council Survey from January 1999 showed that most builders were not necessarily sold on structured wiring systems for new homes. In the study, 87 percent of single-family units built during that time offered no structured wiring at all to homebuyers.

Structured wiring systems typically consist of high-speed voice and data lines and dual coaxial video cables star-wired to a central hub in the house. Builders incorporating structured wiring have been able to market their homes as "future-proofed," playing off the obsolescence of most homes built with traditional twisted-pair wire.

Other companies are finding success in helping builders bring advanced networking technology to their new properties. One new-look CLEC, Houston-based ClearWorks,

has been forging alliances with builders in the southern and western portions of the U.S., and has expanded through interconnection agreements to 13 states. The company provides fiber-to-the-home (FTTH) technology to builders, enabling the delivery of bundled service packages that include high-speed Internet connectivity, dial tone, digital multichannel video, on-demand video rental, and other digital services.

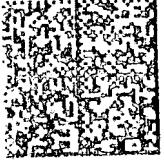
ClearWorks' recent acquisition of wireless broadband access company Link 2 Communications could mean even quicker delivery of these advanced digital services, and the company also is merging with digital set-top box maker Eagle Wireless International.

Realtors also are getting in to the mix, with the creation of FireTap Communications, a technology venture launched in May through a partnership between the National Association of Realtors and the real estate Web site Homestore.com. The new firm is reselling an array of broadband products and services, including DSL Internet access, cable modem and fiber network technology, a range of local and long distance phone connectivity, ISP access and hosting services, and digital TV and entertainment services.

Now, if they could only do something about mortgage rates...

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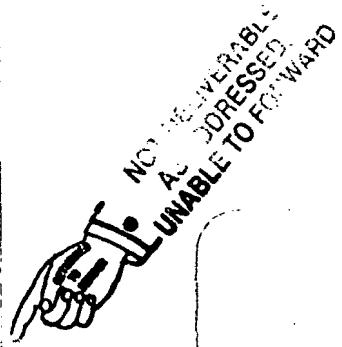
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